

HEARING TESTIMONY OF EDWIN WITORT
"SHORTCHANGED": PENSION MISCALCULATIONS

JUNE 16, 1997

Good afternoon and thank you so much for inviting me to testify before you today on a matter that is near and dear to me and my wife-my pension.

My story is probably like the story lived through by a lot of people. You work a lot of years, wait, get a payment and low and behold it's not right. You try and get the error fixed and you run up against a brick wall. Well, here is my story:

I worked for 40 years at Metal Service Center Industry, the last six years of which were spent with an Illinois company called Castle Metals as a pricing manager. I retired from Castle Metals in 1989.

My monthly pension calculated by Castle was \$103.00. I thought it was wrong. I kept pension information that was provided over the years and did a quick calculation myself and thought I was entitled to about \$300 monthly minus my Social Security. After retirement I continued to work for Castle as a consultant for about a year. For several years following full retirement I continued to feel that the Castle pension of \$103 was incorrect.

Finally, in March 1994 I wrote to Castle regarding communications about my pension. I want to reference my letters -- copies have been submitted to the Committee. Please note the dates of March and September 1994 and April and June 1995 asking for review of their calculations. All of Castle's replies stated the that their original calculations were correct and outside attornies and actuaries had confirmed their results.

I was unhappy with their response, so in September 1994, I wrote to Castle again asking more questions. I did not hear from Castle for several months. My phone calls were not returned. At this point I thought it would be futile to write to Castle again. I did not know where to turn, and honestly I just gave up.

Then in November 1995, I happened to see an article in the Arkansas Democrat Gazette aobut the pension detectives: The National Center for Retirement Benefits. So I called them. In March 1996, Castle agreed they were wrong and I received in excess of a \$10,000 lump sum payment, and my monthly pension was increased to more than \$220 per month from \$103 per month.

My advice to other people is to make certain you and your spouse fully understand your company's pension program.

Also, keep your documents. Be persistent adn stick to your guns when yo think something is wrong. I do not think that Castle was trying to rip me off intentionally. They mad ethe same mistake over and over again, even after I requested that they carefully review my case. (Three separate requests by the way.) The mistake was that an IRS notice that stated benfits were to be recalculated afte anew formul was adopted by Castle and additonal were to be paid retroactively if they new formula provided higher benefits. Had I not found outside help, nothing would have happened.

I am grateful to the pension detectives. And as for a little advice--let me tell young and old alike--keep

your documents, be persistent, and stick to your guns when you think that something is wrong. I don't think that Castle was trying to rip me off intentionally--they made a mistake over and over again. And that mistake was that an IRS Notice said that benefits were to be recalculated after a new formula was adopted by Castle and additional benefits were to be paid retroactively if the new formula provided higher benefits. In closing I would like to say a few things. First I would like to make a strong suggestion that IRS Notice 88-131 (a key to solving the problem) be given wide publicity and that retirement Social Security Offset calculations be furnished to retirees so that errors might be readily corrected. There should also be provisions for the reimbursement of expenses if a retiree must secure outside counsel to correct errors made by his former employer. I received an invoice totaling \$9677.44 for services rendered by the NCRB to correct the error made by my former employer. Let me also say that had I not looked for outside specialized help--nothing would have happened.

Thank you for inviting me to testify and I would be happy to answer any questions that you might have.